



## **Fact Sheet on the Proposed Amendment and Extension of the Environmental Cooperative Agreement between We Energies' Pleasant Prairie Power Plant and Wisconsin Department of Natural Resources**

Following a public comment period, the Wisconsin Department of Natural Resources (DNR) will determine whether or not to amend and extend the Environmental Cooperative Agreement (Agreement) that it signed with Wisconsin Electric Power Company (now doing business as We Energies) on February 5, 2001. Both the original Agreement and the proposed amendment and extension were developed under Wisconsin's Environmental Cooperation Pilot Program pursuant to Section 299.80, Wis. Statutes.

### **A. Background**

#### **1. The Facility**

The Pleasant Prairie Power Plant (P4) is the largest electric generating plant in Wisconsin and employs 180 people. The facility occupies approximately 425 acres of land in the Village of Pleasant Prairie, five miles west of Lake Michigan in Kenosha County. The plant consists of two nominally rated 615 Megawatt units, each consisting of a boiler, turbine and electric generator. It is Wisconsin Electric's main baseload plant, operating 24 hours per day throughout the year with the exception of maintenance outages that are typically scheduled once every 12 to 24 months.

The plant burns low-sulfur pulverized coal delivered to the plant from the Powder River Basin in Wyoming via trains. At maximum load the plant may burn 800 tons of coal per hour. Coal delivered to the plant is stored in an outdoor coal pile having a maximum capacity of 1.4 million tons. The plant also uses natural gas and No. 2 fuel oil during initial start-up of the boilers when they have been out of service and as a supplemental fuel.

#### **2. The Original Agreement**

We Energies demonstrated their interest in the Environmental Cooperation Pilot Program by submitting an application and proposal to DNR on June 1, 2000. After lengthy negotiations, DNR officially proposed to enter into an Agreement with We Energies on December 8, 2000. A public hearing on the draft Agreement was held January 22, 2001 and public comments were accepted through January 26, 2001. The original Agreement was signed by DNR and We Energies on February 5, 2001. It was the first Environmental Cooperative Agreement in Wisconsin and one of the first agreements of its kind anywhere in the U.S.

The centerpiece of the original Agreement was We Energies' plan to recover coal ash from company-owned landfills and convert it from a waste product into a valuable commodity. The recovered ash could either be used to make an aggregate material for construction uses or be

blended with coal and burned at the Pleasant Prairie Power Plant to generate electricity. Other key elements of the original Agreement included commitments by We Energies to:

- Develop and implement an environmental management system (EMS);
- Establish an interested persons group and involve the group in monitoring the performance of the EMS and the success of the Agreement;
- Periodically evaluate compliance and environmental performance, and report results to DNR and the interested persons group; and,
- Strive to reach specific performance goals and, in general, to achieve superior environmental performance.

In return for the above commitments, and in order to facilitate the beneficial use of coal combustion products, DNR granted We Energies operational flexibility and/or streamlined processes on matters related to monitoring and corrective actions, reporting and notifications, air pollution control permits and approvals, and recovery and beneficial use of coal combustion products. *The Agreement did not relax any pollution limits or control requirements.* A fact sheet summarizing the original Agreement is available on DNR's website (details provided below).

### 3. Results to Date

The original Agreement enabled We Energies to achieve outstanding environmental results that have garnered national recognition. Comprehensive reports on environmental performance have been submitted by We Energies to DNR on an annual basis. Highlights of those reports include the following facts:

- More than 1 million tons of coal combustion products have been beneficially used since the original Agreement was signed;
- The amount of material annually sent to the P4 landfill has decreased *by more than 99%* thanks to 100% beneficial use of ash;
- Use of recovered ash as a supplemental fuel has allowed We Energies to avoid the use of more than 1600 railroad cars (approximately 200,000 tons) of coal since 2001;
- In recognition of their leadership and innovation in the beneficial use of ash, We Energies received a 2002 *Governor's Award for Excellence in Environmental Performance*, the 2004 *Edison Award* (the highest honor in the U.S. electric utility industry), and the 2005 *Overall Achievement Award* from the national Coal Combustion Products Partnership;
- Nitrogen oxide emissions decreased by more than 90% from P4 Unit 2 after We Energies installed the 1<sup>st</sup> Selective Catalytic Reduction (SCR) Unit ever built in Wisconsin;
- P4 was the host and site for the 1<sup>st</sup> voluntary, full-scale mercury air emission control research project in the U.S.; and,
- We Energies won the 2004 *Business Friend of the Environment Award* from Wisconsin Manufacturers and Commerce for the company's efforts at P4 and elsewhere to protect and restore populations of endangered and threatened species.

## **B. Proposal to Amend and Extend the Agreement**

### 1. Rationale for the Proposal

By law, Environmental Cooperative Agreements last 5 years and can be renewed and extended for one additional 5-year term. The original Agreement will expire on February 5, 2006 unless it is extended. Considering the environmental benefits that have accrued under the terms of the original Agreement, both parties have expressed a desire to extend the Agreement. Some of the most beneficial activities would be difficult or impossible to continue in the absence of an Agreement.

Although both parties wish to extend the Agreement, both parties recognize that the original Agreement has minor flaws that should be corrected. The original Agreement includes minor technical errors, it is confusing in parts, and it is inconsistent in minor ways with other commitments made by We Energies and DNR. Both parties also acknowledge the existence of new opportunities for innovation and operational flexibility that could strengthen the Agreement. For these reasons, We Energies and DNR are proposing to amend the original Agreement. A detailed summary of the proposed changes is provided below.

If the original Agreement expires on February 5, 2006, it will no longer be possible to amend and extend it. Given the imminent approach of that deadline, DNR is proposing to simultaneously amend the Agreement and extend it *as amended*.

## 2. Summary of the Proposed Amendment

The proposed amendment will modify the original Agreement in all the following ways:

- Correct minor technical errors and update outdated information;
- Expand the potential for beneficial use of coal combustion products (ash);
- Establish a new DNR/We Energies team to facilitate communications and implementation of the Agreement;
- Simplify and clarify commitments related to the involvement of interested persons;
- Add new research commitments related to mercury emission control methods and mercury and particulate monitoring devices;
- Streamline and clarify requirements for wastewater monitoring, review of water treatment additives, and review of minor changes to wastewater facilities;
- Establish clear expectations regarding the schedule for renewal of the Title V air pollution control operation permit; and,
- Simplify and clarify commitments to annual performance evaluations and reporting.

Provisions of the original Agreement that are not modified by the proposed amendment would also be extended an additional 5 years. Interested persons should refer to the Fact Sheet describing the original Agreement for more details. That Fact Sheet is available on DNR's website (details provided below).

The proposed amendment does not grant any variances to emission limits or pollution control requirements. The proposed amendment does, however, provide alternative and/or streamlined procedures for certain administrative requirements in the areas of monitoring, reporting, and approval processes. These alternative procedures will reduce confusion associated with the original Agreement and could save We Energies and DNR both time and money.

A copy of the full text of the proposed amendment that clearly indicates and explains all proposed changes to the original Agreement is available from DNR's website (details provided below).

### 3. Principal Facts and Significant Questions Considered by the Department

The most important question considered by DNR was whether renewal and extension of the Environmental Cooperative Agreement is in the public interest. DNR objectively considered the results achieved during the first term of the Agreement and found that the Agreement was a success. The Agreement has helped We Energies become *the national leader* in beneficial use of coal combustion products. DNR also considered whether the same or better results could be achieved in the absence of an Agreement, and determined that it would be difficult or impossible to do so. This is largely because the Agreement has been used as a tool to streamline and simplify the processes that would otherwise govern the recovery and reuse of ash. Based on these compelling facts, DNR concluded that renewal and extension of the Agreement does indeed serve the public interest. We Energies reached a similar conclusion, that renewal of the Agreement would be in the company's best interest.

The second key question considered by both DNR and We Energies was whether the original Agreement could be improved. Both parties concluded that it could. It was well understood by both parties that the original Agreement was the first of its kind in Wisconsin: a novel experiment crafted without any successful models to imitate. The experiment was ultimately successful, but both parties learned important lessons over the 5-year period and both parties had ideas for improving the Agreement. It would be both dishonest and foolish not to acknowledge and act on those lessons and ideas, and it would be a lost opportunity. So the only *real* question concerning amendment of the Agreement was whether it made sense to combine the amendment and renewal processes. DNR decided that this does make sense, because it is the best way to put all the issues before the public in a transparent way and clearly state the full scope of our proposal for implementing this Agreement over the next 5 years. Separating the processes might confuse or obscure the totality of our plans.

Finally, in addition to the basic questions of whether to amend and extend the original Agreement, DNR considered a number of legal and policy questions associated with the specific changes in the proposed amendment. The most significant of these concerned the changes to parts of the Agreement governing ash recovery and wastewater. In each such case, DNR considered the flexibility (i.e. outcome) that was desired by We Energies. DNR negotiated language that provides the necessary flexibility, but ensures that environmental standards are not relaxed and adequate procedural safeguards remain in place.

### 4. Consistency with Statutory Goals and Requirements

The proposed amendment is consistent with the statutory goals and requirements of the Environmental Cooperation Pilot Program, as specified in ss. 299.80(2) and (3), Wis. Stats. We Energies has developed and implemented an environmental management system that meets the requirements of ISO 14001 and demonstrated a commitment to superior environmental performance. The proposed amendment includes measurable and verifiable goals for waste reduction and reduced use of natural resources. Pollution limits remain verifiable, enforceable, and at least as stringent as they otherwise would be.

Under the terms of the proposed amendment, We Energies will perform periodic performance evaluations. The company will meet regularly with interested persons from the community surrounding the plant, and those stakeholders will be involved in meaningful ways in reviewing environmental performance and discussing issues. Finally, the company will report periodically to the DNR and interested persons on the implementation of the Agreement and on the company's environmental performance.

The terms of the proposed amendment will lead to increased trust among We Energies, the public, and DNR. The proposed amendment will reduce the amount of time spent by We Energies and DNR on administrative tasks that have no direct environmental benefit, and it will serve as a useful experiment and model that may help other companies improve their environmental performance.

### **C. For More Information**

Visit the Bureau of Cooperative Environmental Assistance website at: <http://dnr.wi.gov/org/caer/cea/ecpp/> or contact John Shenot at (608) 267-0802, [John.Shenot@dnr.state.wi.us](mailto:John.Shenot@dnr.state.wi.us). For documents related to the original Agreement or the proposed amendment and extension of the Agreement, click on "Agreements", and then click on the link for Pleasant Prairie Power Plant.